
IN THE MATTER OF the *Insurance Act*, R.S.O. 1990, c.l.8, as amended (the “Act”), in particular sections 441.2 and 441.3;

AND IN THE MATTER OF Daniel Conrado.

NOTICE OF PROPOSAL TO IMPOSE AN ADMINISTRATIVE PENALTY

TO: Daniel Conrado

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Director, Litigation and Enforcement (the “Director”) is proposing to impose an administrative penalty in the amount of \$30,000 on Daniel Conrado for contravening section 2(1) of Ontario Regulation 347/04 for acting as an insurance agent without a licence.

Details of these contraventions and reasons for this proposal are described below. This Notice of Proposal includes allegations that may be considered at a hearing.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTIONS 441.3(2) AND 441.3(5) OF THE ACT.

A hearing by the Tribunal about this Notice of Proposal may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
25 Sheppard Avenue West, 7th Floor
Toronto ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you, orders will be issued as described in this Notice of Proposal. TAKE FURTHER NOTICE of the payment requirements in section 5 of Ontario Regulation 408/12, which state that the penalized person or entity shall pay the penalty within thirty (30) days after the person or entity is given notice of the order imposing the penalty, within thirty (30) days after the matter is finally determined if a hearing is requested or such longer time as may be specified in the order.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at 416-590-7294, or toll free at 1-800-668-0128 extension 7294.

At a hearing, your character, conduct and/or competence may be in issue. You may be furnished with further and or other particulars, including further or other grounds, to support this proposal.

REASONS FOR PROPOSAL

I. INTRODUCTION

1. These are the reasons for the proposal by the Director to impose an administrative penalty in the amount of \$30,000 on Daniel Conrado ("Conrado").

II. BACKGROUND

2. Conrado was licensed with the Registered Insurance Brokers of Ontario ("RIBO"), #R31400 until June 2021, when his licence was revoked by RIBO.
3. Conrado was an insurance broker for a brokerage, Arton Insurance Brokers Inc. ("Arton Insurance") from October 5, 2017, until March 31, 2020.
4. Conrado was subsequently employed with Aaxel Insurance Brokers Ltd. between April 2020 until October 14, 2020. Conrado was not employed by a brokerage after October 14, 2020.
5. Conrado was licensed with the Financial Services Commission of Ontario, the previous regulator of the insurance sector, as an insurance agent, licence number 09111852 from December 11, 2009, until his licence expired on December 10, 2011. Conrado has not been licensed as an insurance agent since 2011.

A. Prior RIBO Disciplinary Sanctions and Criminal Charges

6. On May 11, 2021, Conrado was subject to a RIBO disciplinary hearing in relation to two separate complaint files.
7. In respect of Complaint File 6868, the RIBO disciplinary panel found that Conrado accepted money from an insured into his personal account and failed to transfer it to the brokerage trust account to apply it to the insured's accounts with the insurer. Additionally, Conrado changed the insured's insurer without the permission or consent of the insured, resulting in a gap in automobile insurance coverage.
8. In respect of RIBO Complaint File 6832, the RIBO disciplinary panel found that Conrado fabricated 365-day liability cards for people with no automobile insurance by utilizing existing client files while working at Arton Insurance. Separately, the panel found Conrado accepted money from an insured into his personal account and failed to transfer it to the brokerage trust account to apply it to the insured's accounts with the insurer. As a result, the insured's automobile insurance was cancelled for non-payment. Conrado also provided this insured with a fraudulent Letter of Experience.

9. Conrado did not defend the allegations and the RIBO disciplinary committee found Conrado guilty of misconduct under Regulation 991, made under the *Registered Insurance Brokers Act*, R.S.O. 1990, c. R.19 ("*RIBA*").
10. On June 28, 2021, Conrado was afforded a second hearing before the disciplinary committee before a penalty was decided so that he would have another chance to defend himself. He chose not to.
11. Due to the seriousness of the charges, the RIBO disciplinary committee revoked Conrado's RIBO licence, banned him for 10 years from reapplying, and fined him \$10,000.
12. On May 19, 2021, Conrado was charged in relation to the above. Conrado was released on a recognizance of bail and the charges are still pending.

III. UNLICENSED ACTIVITY

13. In June 2022, FSRA learned from York Region Police of further alleged fraudulent activity by Conrado that occurred after Conrado's licence with RIBO was revoked. FSRA investigated this allegation and FSRA's findings are as set out below.

A. Insurance Activity with BA

14. In November 2021, BA was informed by his insurer that he was considered a high-risk driver and that his automobile insurance policy would not be renewed. BA was looking for automobile insurance and was referred to Conrado by his brother's friend.
15. BA communicated with Conrado by text message and phone only. BA and Conrado did not meet in person. Conrado engaged in this activity while charges were pending against him for similar activity and after RIBO revoked his broker license.
16. Conrado confirmed with BA that Conrado would be able to secure automobile insurance for BA. Conrado told BA that a better price was available on an insurance policy only if he paid \$1,900 in advance for the premium.
17. On November 10, 2021, BA delivered by two e-transfers \$900 and \$1,000 to Conrado to the email address Conrado provided.
18. On November 11, 2021, Conrado contacted BA and requested another \$1,900 citing BA's high-risk insurance status as the need for further advance premium payments. BA delivered \$1,900 the same day via another e-transfer.
19. On November 12, 2021, Conrado contacted BA again and asked for another \$1,000 to secure the insurance coverage, which BA delivered via a further e-transfer, such that in total BA sent Conrado \$4,800.

20. On November 17, 2021, BA received what appeared to be an insurance slip (“BA Pink Slip”) from Conrado by email. The insurer on the BA Pink Slip was Echelon and the brokerage information listed “Brokerlink” as the broker. Conrado told BA that the BA Pink Slip was proof of temporary insurance coverage and that policy documents would follow.
21. BA became suspicious that Conrado had not set up a real insurance policy. BA contacted the police after unsuccessfully attempting to get his money back from Conrado.

B. FSRA Investigation

22. The BA Pink Slip was clearly forged. The dates on the BA Pink Slip were in two different formats, the address information was spelled incorrectly and there was a “binder” number which should not have been present. FSRA contacted Brokerlink and Echelon to investigate the veracity of the BA Pink Slip. Both Brokerlink and Echelon confirmed that the BA Pink Slip was fraudulent.
23. On June 23, 2022, Brokerlink advised they had no record of a client by the name of BA or his father, MA (the vehicle requiring insurance was registered to BA’s father). Brokerlink further advised that it did not issue the BA Pink Slip and that Conrado was never employed with Brokerlink.
24. On June 23, 2022, Echelon Insurance advised that the BA Pink Slip was not issued by Echelon. They advised their insurance slips are only sent once the policy has been issued, and that the information normally typed on Echelon insurance slips is different from the BA Pink Slip.
25. On June 23, 2022, FSRA contacted Conrado, who advised that he had a lawyer and requested he not be contacted again.
26. On July 8, 2022, a FSRA letter of inquiry was left at Conrado’s Brampton address. There was no answer at the door and no response to the letter. The lawyer to whom Conrado referred FSRA advised that he was not yet fully retained and could not accept service.
27. Further investigation revealed that the bank account that received the e-transfer deposits from BA was owned by RD Construction Services at the time of the e-transfers on November 10, 11, and 12, 2021. RD Construction Services is a sole proprietorship registered to Conrado. The address for RD Construction Services is the same as Conrado’s Brampton address. Therefore, it is clear that Conrado received the \$4,800 in e-transfers from BA.

IV. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

28. Section 1 of the Act defines agent as a person who, for compensation, commission or any other thing of value,
- (a) solicits insurance on behalf of an insurer who has appointed the person to act as the agent of such insurer or on behalf of the Facility Association under the *Compulsory Automobile Insurance Act*, or
 - (b) solicits insurance on behalf of an insurer or transmits, for a person other than himself, herself or itself, an application for, or a policy of insurance to or from such insurer, or offers or assumes to act in the negotiation of such insurance or in negotiating its continuance or renewal with such insurer,
- and who is not a member of the RIBO.

29. Section 2(1) of Ontario Regulation 347/04 prohibits an individual, partnership or corporation from acting as an agent unless the individual, partnership or corporation is licensed under the regulation.
30. The Director is satisfied that Conrado contravened section 2(1) of Ontario Regulation 347/04 by acting as an agent when he sold BA a fabricated auto insurance policy without a license. Conrado offered to act in the negotiation of automobile insurance for BA and represented to BA that he had done so by providing the BA Pink Slip and collecting purported insurance premiums, which Conrado kept for himself. Therefore, Conrado acted as an agent while unlicensed.

V. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTY

31. The Director is of the opinion that imposing an administrative penalty on Conrado under section 441.3(1) of the Act will satisfy one or both of the following purposes under section 441.2(1) of the Act:
- 1. To promote compliance with the requirements established under the Act.
 - 2. To prevent a person from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with a requirement established under this Act.
32. The Director is satisfied that an administrative penalty in the amount of \$30,000 should be imposed on Conrado for contravening section 2(1) of Ontario Regulation 347/04.

33. In determining the amount of the administrative penalties, the Director has considered the following criteria as required by section 4(2) of Ontario Regulation 408/12:
1. The degree to which the contravention or failure was intentional, reckless or negligent.
 2. The extent of the harm or potential harm to others resulting from the contravention or failure.
 3. The extent to which the person or entity tried to mitigate any loss or take other remedial action.
 4. The extent to which the person or entity derived or reasonably might have expected to derive, directly or indirectly, any economic benefit from the contravention or failure.
 5. Any other contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation of Ontario or of any jurisdiction during the preceding five years by the person or entity.
34. In respect of the **first criterion**, the Director is satisfied that the contraventions were intentional. Conrado knew that he was not licensed as an insurance agent but represented to BA that he was able to secure automobile insurance and purported to do so, including obtaining premium payments from BA. Conrado was aware at the time that his registration with RIBO had been revoked and that his insurance agent licence with FSRA had long since expired.
35. In respect of the **second criterion**, the Director believes that Conrado's action has resulted in significant public harm. Conrado's deception caused direct financial harm to BA in the amount of \$4,800 and created a significant risk that he would drive uninsured to his potential prejudice. It also created a significant risk of harm to the public in the event that BA were to be involved in an automobile accident while uninsured.
36. Additionally, the insurance agent licensing regime provided in the Act is a critical and necessary component in protecting the public interest. The public is entitled to have confidence that the licensing regime will only allow properly qualified and licensed agents to solicit, negotiate and place insurance. By deceptively acting as an insurance agent, Conrado undermined the integrity of the licensing regime and consequently harmed the public interest.
37. In respect of the **third criterion**, the Director is satisfied that Conrado has not tried to mitigate the loss or take any remedial actions. He refused to return BA's money when asked to do so. Bank account records show that Conrado immediately spent the money on personal items.

38. In respect of the **fourth criterion**, the Director is satisfied that Conrado has derived a direct economic benefit from his contraventions of the Act in the total amount of \$4,800.
39. In respect of the **fifth criterion**, Conrado was found guilty of contravening sections of Regulation 991 made under the *RIBA* in Ontario. These contraventions include not discharging his duties with integrity, not serving his clients in a conscientious, diligent and efficient manner, and failing to deposit trust funds or disburse money received appropriately. These contraventions or failures to comply with other financial services legislation in Ontario occurred in 2020.
40. Such further and other reasons as may come to the attention of the Director.
41. The Director is therefore satisfied that there are sufficient grounds to impose the order described in this Notice of Proposal to impose an administrative penalty in the amount of \$30,000.

DATED at Toronto, Ontario, December 21, 2022

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer